

# Investments in our infrastructure—rate and capacity charge increases ahead



~~We're proposing a wholesale rate increase of \$2.25 from \$27.95 to \$30.20, and a \$1.39 increase in the capacity charge from \$46.25 to \$47.64 that would begin on Jan. 1, 2009.~~ The funding is needed to cover the costs of expanding and maintaining our system over the next several years.

We recognize these costs are significant. But we can't wait to take care of our infrastructure needs. It's one thing when traffic backs up on a congested road—it's quite another matter when the wastewater system backs up. Delaying critical projects would mean system failures, overflows and fines from regulatory agencies, and in the worst case, a building moratorium that could devastate the regional economy.

The rate increase will help cover the costs of the debt service on the bonds we plan to issue to fund vital capital projects. It will also provide revenue to defray the costs related to maintaining, replacing or repairing aging facilities and equipment so the system continues to operate reliably, and to ensure the treatment facilities are meeting regulatory requirements under state and federal laws.

The capacity charge increase will provide the revenue to expand the system and build more wastewater facilities to serve our growing region.

## *The rate and capacity charge—what's the difference?*

### **The rate supports operations and maintenance**

The monthly wholesale sewer rate paid by all customers generates the revenue we need to cover the cost of maintaining, operating and supporting our existing system, and covering debt service on the bonds we issue to fund the capital improvement program.

### **The capacity charge supports system expansion**

Since 1990, King County has levied a capacity charge on new connections to the sewer system, which these new customers pay in addition to their monthly sewer bill. The capacity charge helps King County cover the cost of sewer improvement and expansion projects needed to serve new growth.

Newly connecting customers are directly billed by King County for the capacity charge.

Elected officials, sewer utility representatives and jurisdiction officials were all involved in King County's decision to implement a capacity charge to ensure that "growth pays for growth".

It's been almost a decade since the King County Council adopted the Regional Wastewater Services Plan. And we're now at the point when we're building some of the largest and most complex projects.

Additional challenges include current market forces – a construction boom, high prices on fuel, concrete and steel, inflation, and a competitive labor market for skilled construction workers.

Over the next three years, we will borrow \$1 billion in bonds to fund these vital projects.

After 2012, once the bulk of borrowing bonds to fund the cost of Brightwater has been completed, we project that rates will again stabilize for many years in the future.

### **Setting the rate and capacity charge**

The Wastewater Treatment Division sends its rate proposal to the King County Executive each spring. After review, the rate proposal goes to the King County Council for further deliberation. The council is required to adopt the sewer rate by June 30 for the following year. King County's overarching goal is to keep rates level for several consecutive years whenever possible.

*King County can help property owners and real estate professionals better understand the capacity charge, when it might apply and the range of payment options available. For more information, please call 206-296-1450 or TTY 711.*

**Detailed information about the rate and capacity charge is available on the Web at <http://dnr.metrokc.gov/wtd/homepage/rate/> or by calling 206-684-1280 or TTY 711.**